

## Message Text

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PAGE 01 QUITO 02511 052217Z

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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R 051626Z APR 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9666

S E C R E T QUITO 2511

EXDIS

E.O. 11652: XGDS-1

TAGS: ENRG PFOR EC US

SUBJ: PETROLEUM TEXACO-GULF NEGOTIATIONS

REF: STATE 2054

1. TEXACO LATIN AMERICAN PRODUCTION MANAGER MAX CRAWFORD WAS IN QUITO APRIL 1 AND 2. HE ASKED THAT AMBASSADOR SET UP MEETING WITH HIM AND SUPREME COUNCIL PRESIDENT ADMIRAL POVEDA AS HAD BEEN DONE IN THE PAST. POVEDA AGREED TO MEET CRAWFORD APRIL 2 BUT THIS TIME OPENLY AT THE PRESIDENTIAL PALACE.

2. DCM MET WITH CRAWFORD EVENING APRIL 2 TO LEARN ABOUT THE ABOVE AND OTHER MEETINGS. CRAWFORD SAID THAT TEXACO HAD BEEN CONCERNED AT LENGTHY PERIOD WITH NO RESPONSE TO THE LETTER THAT THEY HAD PRESENTED TO SUPREME COUNCIL MARCH 15 (SEE REFTEL). HE, THEREFORE, HAD COME TO QUITO TO TRY TO ILLICIT CURRENT GOE THINKING. POVEDA REPORTEDLY TOLD HIM THAT GOE WAS HIGHLY INTERESTED IN ELIMINATING PROBLEMS WITH THE US COMPANIES AND PROCEEDING ON THE BASIS OF THE CURRENT RELATIONSHIPS BETWEEN THE COMPANIES, CEPE AND THE GOE. CRAWFORD WAS THEN CALLED IN TO SEE GENERAL DURAN, THE SECOND MEMBER OF THE 3-MAN COUNCIL OF GOVERNMENT. ACCORDING TO CRAWFORD, DURAN REPEATED ESSENTIALLY THE SAME THAT HAD BEEN SAID BY POVEDA. DURAN ASKED THAT TEXACO AND GULF PRINCIPALS COME TO QUITO ON OR ABOUT APRIL 8 FOR FURTHER DISCUSSIONS NEGOTIATIONS.

3. IN THE LATE AFTERNOON OF APRIL 2 FOLLOWING THE ABOVE

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MEETINGS, CRAWFORD CALLED ON MINISTER OF NATURAL RESOURCES

COL RENE VARGAS AT VARGAS REQUEST. VARGAS CONFIRMED THAT HIS MINISTRY WAS PREPARED FOR DISCUSSIONS ON APRIL 8 BUT MADE IT CLEAR THAT DISCUSSIONS WOULD BE BROADER IN SCOPE THEN MERELY ADJUSTING FINANCIAL ARRANGEMENTS ON THE BASIS OF THE PRESENT STRUCTURAL RELATIONSHIPS.

4. CRAWFORD SAID THAT HE PLANNED TO ADVISE TEXACO VICE PRESIDENT SHIELDS AND THROUGH HIM GULF VICE PRESIDENT WYCHE TO COME TO QUITO FOR THESE DISCUSSIONS.

5. COMMENT: STUDENT AND LABOR ACTIVITIES DENOUNCING TEXACO AND GULF AND CALLING FOR NATIONALIZATION CONTINUE. WE ARE SOMEWHAT SUSPICIOUS OF DURAN'S REPORTED COINCIDENCE OF VIEWS WITH ADM POVEDA ON THE SUBJECT OF CONTINUING THE CURRENT BASIC RELATIONSHIP BETWEEN CEPE AND TEXACO/GULF.  
BREWSTER

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